

## Message Text

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ACTION EB-08

INFO OCT-01 EA-12 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 FRB-01 H-02 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 USIA-15 SP-02 SOE-02 OMB-01  
DOE-11 /113 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 5666

UNCLAS TOKYO 3257

E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: SECTION 201 CASE ON CB RADIOS

REF: STATE 45768

SUMMARY. JAPANESE CB RADIO INDUSTRY IS FEELING THE PINCH OF DECLINING MARKET AND INDUSTRY SPOKESMEN BELIEVE ANY SEVERE LIMITATION OF EXPORTS TO U.S. WOULD SERIOUSLY WEAKEN INDUSTRY FURTHER. OF TOTAL 83 FIRMS MANUFACTURING CB RADIOS A FEW YEARS AGO, 43 HAVE DISCONTINUED CB PRODUCTION FOR VARIOUS REASONS. ORDERS ARE DOWN TO APPROXIMATELY ONE-HALF OF LEVEL DURING PEAK PRODUCTION PERIOD. FINANCIAL CONDITION OF CB RADIO INDUSTRY IS MIXED. END SUMMARY.

1. FORTY (40) JAPANESE FIRMS CURRENTLY PRODUCE CB RADIOS. OF THESE, 17 MANUFACTURE ONLY CB RADIOS, SIX MANUFACTURE CB RADIOS AND ALSO HOME ELECTRIC APPLIANCES, THREE PRODUCE CB RADIOS AND GENERAL ELECTRICAL APPLIANCES, THREE PRODUCE CB RADIOS AND GENERAL AUDIO EQUIPMENT, FIVE PRODUCE CB RADIOS AND AUTOMOBILE AUDIO EQUIPMENT, AND SIX PRODUCE CB RADIOS AND COMMUNICATIONS EQUIPMENT.

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2. TOTAL PRODUCTION IN 1977 WAS 8,139,000 UNITS, EXCLUDING HANDHELD UNITS. TOTAL PRODUCTION CAPACITY OF 40 FIRMS PRESENTLY MANUFACTURING CB RADIOS, PLUS ADDITIONAL CAPACITY OF 20 FIRMS WHICH DROPPED OUT OF CB RADIO PRODUCTION BUSINESS ABOUT TWO YEARS AGO BUT WHICH ARE PREPARED TO RE-ENTER MARKET IF DEMAND WARRANTS, IS ESTIMATED AT ABOUT 10 MILLION UNITS PER YEAR. IF CAPACITY OF APPROXIMATELY

75 TO 80 SMALL SUB-ASSEMBLY COTTAGE INDUSTRY-TYPE FIRMS IS  
ADDED IN, TOTAL PRODUCTION CAPACITY IS ESTIMATED TO BE  
15 MILLION UNITS.

3. IN ADDITION TO 20 FIRMS WHICH DECIDED TO STOP PRODUCTION  
OF CB RADIOS APPROXIMATELY TWO YEARS AGO, ANOTHER FOUR FIRMS  
LEFT THE INDUSTRY IN LATTER PART OF 1976, TEN MORE DROPPED  
OUT IN 1977, AND ANOTHER TWO HAVE STOPPED PRODUCTION IN 1978.  
MORE RECENT DROP OUTS CEASED PRODUCTION BECAUSE OF FINANCIAL  
DIFFICULTIES COMPLICATED BY DECLINING MARKET.

4. MOST JAPANESE MANUFACTURERS OF CB RADIOS ARE FEELING  
THE PINCH OF REDUCED CONSUMPTION, AND IF PRESENT MARKET  
CONDITIONS PREVAIL FOR NEXT TWO OR THREE YEARS, IT IS  
ESTIMATED THAT ABOUT 20 PERCENT OF 40 FIRMS CURRENTLY  
PRODUCING WILL BE FORCED OUT OF BUSINESS. CURRENT LEVEL  
OF ORDERS IS ABOUT HALF WHAT IT WAS DURING PEAK  
DEMAND PERIOD. JAPANESE INDUSTRY SPOKESMEN BELIEVE  
THAT ANY ACTION TO LIMIT SEVERELY EXPORTS TO U.S.  
BELOW CURRENT ACTUAL LEVELS WOULD HAVE SERIOUS IMPACT ON  
JAPANESE MANUFACTURERS STILL PRODUCING CB RADIOS FOR  
EXPORT TO U.S.

5. FINANCIAL CONDITION OF CB RADIO INDUSTRY IS MIXED.  
OF 17 FIRMS WHICH MANUFACTURE CB RADIOS EXCLUSIVELY, ONLY  
TWO ARE CONSIDERED BY INDUSTRY SOURCES TO HAVE SOUND  
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FINANCIAL BACKGROUND. THE OTHER 15 ARE HEAVILY IN DEBT  
DUE TO EXPANSION OF PRODUCTION FACILITIES AT TIME OF PEAK  
DEMAND. TWENTY-THREE OTHER FIRMS MANUFACTURE CB RADIOS  
ALONG WITH OTHER ELECTRICAL OR AUDIO EQUIPMENT. OF THESE,  
15 ARE CONSIDERED TO BE FINANCIALLY SOUND, EITHER ON THEIR  
OWN MERITS OR BECAUSE OF THEIR AFFILIATION WITH OTHER LEADING  
JAPANESE FIRMS. THE REMAINING EIGHT FIRMS ARE IN DEBT  
AND CONSIDERED TO BE WEAK FINANCIALLY.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** RADIO EQUIPMENT, EXPORT CONTROLS  
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**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**Review Markings:**  
Sheryl P. Walter  
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